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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 000499

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DEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIGHT  
EUR/CARC, SCA (GALLAGHER, SUMAR)  
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TREASURY FOR TORGERSON E.O. 12958: DECL: 02/04/2018 TAGS: [EPET](#) [ENRG](#) [ECON](#) [PREL](#) [RS](#)

----- SUMMARY -----

1.(SBU) A new and more restrictive draft of the Strategic Sectors Law (SSL) and relevant amendments to the Subsoil Law are circulating and are

----- NEW DRAFT SSL -----

2.(SBU) Ministry of Industry and Energy Legal Chief Vladimir Taraskin told us February 21st that a revised version of the SSL and relevant amer

3.(SBU) The new draft is much more restrictive with regard to foreign ownership of "strategic subsoil assets" than the previous version, which

4.(SBU) The package to be discussed by the Duma will also include amendments to the Subsoil Law that would define "strategic fields" as oil fie

5.(SBU) Companies of which the GOR is a majority owner, in particular Gazprom and Rosneft, would be exempt from limitations on foreign ownershi

----- INDUSTRY CONCERNS -----

6.(SBU) The foreign investment community has reacted with concern to the restrictive new draft. PAF has already expressed its concerns directly

7.(C) BP's Russia chief Richard Spies shared some specific concerns with the Ambassador on February 21st. He said that BP and TNK-BP are concer

8.(C) Given BP's Sakhalin shelf venture with Rosneft, Spies said his company was especially concerned about the off-shore limitation in the Sut

9.(SBU) In addition, the 10% limitation may become a problem for non-state-owned oil and gas companies with foreign owners, according to an ana

----- COMMENT -----

10.(C) Despite Kremlin support, it is not clear that the new laws will pass as quickly as planned. For one thing, the issue of who heads the cc